



SCHOOLS FORUM

High Needs Budget

21 June 2016

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	X
Academies	X	Foundation Stage	X
PVI Settings	X	Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	X
		High Needs	X

Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. This report sets out the position in respect of high needs expenditure and actions that are being taken to address increasing costs

Recommendations

2. That Schools Forum note the report

Background

3. Schools Forum have been made aware of the 2015/16 overspend on the high needs budget through reports during 2015/16. Specifically reports were presented to Schools Forum on 21 September 2015, 14 January 2016 and 22 February 2016 set out the reasons for an increased budget requirement and the actions to be taken to address costs within all aspects of high needs expenditure.

4. This report sets out the transformational approach to achieving reductions in both high needs cost and volume, the actions already undertaken to reduce costs and further actions necessary to ensure expenditure remains in line with the grant allocation.
5. It should be noted that;
 - 2017/18 school funding reform proposes that local authorities will no longer be able to transfer funding from the schools block to high needs
 - The local authority is unable to provide any additional funding for high needs, all costs need to be contained within the high needs grant allocation. Should the cost of services exceed the grant allocation it will be necessary to reduce services and / or funding (including that provided to schools) for them.
6. Whilst it is also expected that the 2017/18 high needs grant will more closely reflect need rather than the historic basis of past allocations, any increased costs will need to be funded from within the grant allocation. This can only be able to be achieved by one or a combination of factors including;
 - Reducing demand for specialist services
 - Provision of early help and intervention services both at schools and local authority level
 - Setting out clear expectations of what schools should be providing through delegated budgets before being able to access specialist services. Schools and FE colleges must begin planning for a greater level of responsibility of identifying and meeting children and young people's SEND independently of the LA
 - Ensuring funding levels are proportionate to need
 - Ensuring value for money from all commissioning decisions
 - Developing lower cost local provision
 - Removal of double funding i.e. for services that provided free of charge to schools such as specialist teaching services
 - Reducing service and or funding levels to ensure that expenditure does not exceed the grant allocation
7. It is important to note that the position is based on the totality of high needs expenditure which includes placements, support for mainstream schools and other SEN related services.
8. Whilst demand for high needs services has increased in terms of top-up funding, special schools, independent school places and other high needs services, the basis for the grant remains based largely on historic costs from 2012/13. The grant however has been required to meet additional costs from a number of national changes including;
 - The impact of continued changes in funding responsibility for 16+ providers (FE colleges and ISP)
 - Increase in the participation age from 16 to 18, this is particularly costly in respect of BESD pupils who would have left school at 16 previously and are now in independent provision or FE colleges with support packages
 - increased SEND responsibilities which have changed from 2 – 19 to 0 – 25 years
 - A general increase in school population

- A national and local increase in ASD population with an over reliance upon provision in the independent sector
9. Additionally a number of other factors have been identified that combine with those above and further contribute to the overspend;
- A disproportionate number of children with EHC plan / statement awarded top-up funding
 - A disproportionate number of children and young people being identified with SEND where there are other factors leading to pupil underachievement
 - Children and young people are under performing at the SEN support stage
 - Lack of parental confidence in local provision leading to parental preference for specialist provision

Funding High Needs Services

10. The high needs element of the grant has never fully met the financial commitment upon it and has been subject to annual transfers from the schools block which is set out in the following table;

Financial Year	High Needs Grant Allocation £m	Budget Requirement £m	Funding Gap %	High Needs Over / (Under) Spend £m	Transfer from Schools Block £m
2013/14	49.0	50.7	-3.5%	(2.8)	2.5
2014/15	51.4	53.0	-1.9%	(1.4)	2.0
2015/16	52.9	55.1	-4.1%	4.4	2.8
2016/17*	53.9	62.0	-15.0%	n/a	10.4

*2016 figures are gross of the savings target of £2.8m set for high needs service

The table above also details that in the current funding regime high needs has been subject to underspends with 2015/16 being the first year of any overspend

10. The rigidity of the basis of the grant settlement and its impact on resources can be demonstrated by events in 2015/16 where this contributed £1m of the overall overspend and consisted of two factors;
- Funding for specialist providers is recouped from the high needs grant, a change in the basis of the calculation was enacted by the Education Funding Agency (EFA) after the budget was set leaving a funding shortfall
 - A number of changes to the funding responsibility for post 16 providers have been made by the EFA on an annual basis, for 2015/16 this resulted in Leicestershire being responsible for funding a growth in places for a provider despite the students being placed by other authorities
 - The new Ashmount school was developed to provide additional places, again the increase in places was unfunded
11. It is exceptionally difficult to find comparative data on SEN expenditure which would provide meaningful benchmarking. The following statistics have been taken from the

2015/16 S251 benchmarking data published by the Department for Education and based on comparison with statistical neighbours;

- Leicestershire provided £57 per pupil in top up funding for mainstream schools against an average of £90 per pupil, for academies top up funding was £76 per pupil against an average of £33
- Additional targeted expenditure per pupil in mainstream schools and academies was £13 per pupil against an average of £1
- Expenditure on independent providers was £115 per pupil against an average of £69
- Expenditure on SEN support services at £27 per pupil was 12.6% above that for comparator authorities
- Expenditure on support for school inclusion at £1 per pupil was far less than the average of £9
- At £5 per pupil costs for hospital education services was £4 per pupil above the average for comparator authorities
- Overall the high needs budget increased by 8% against an average of 2.9% when compared to the previous years. Of the group two authorities reduced expenditure and one authority saw an increase of 22%

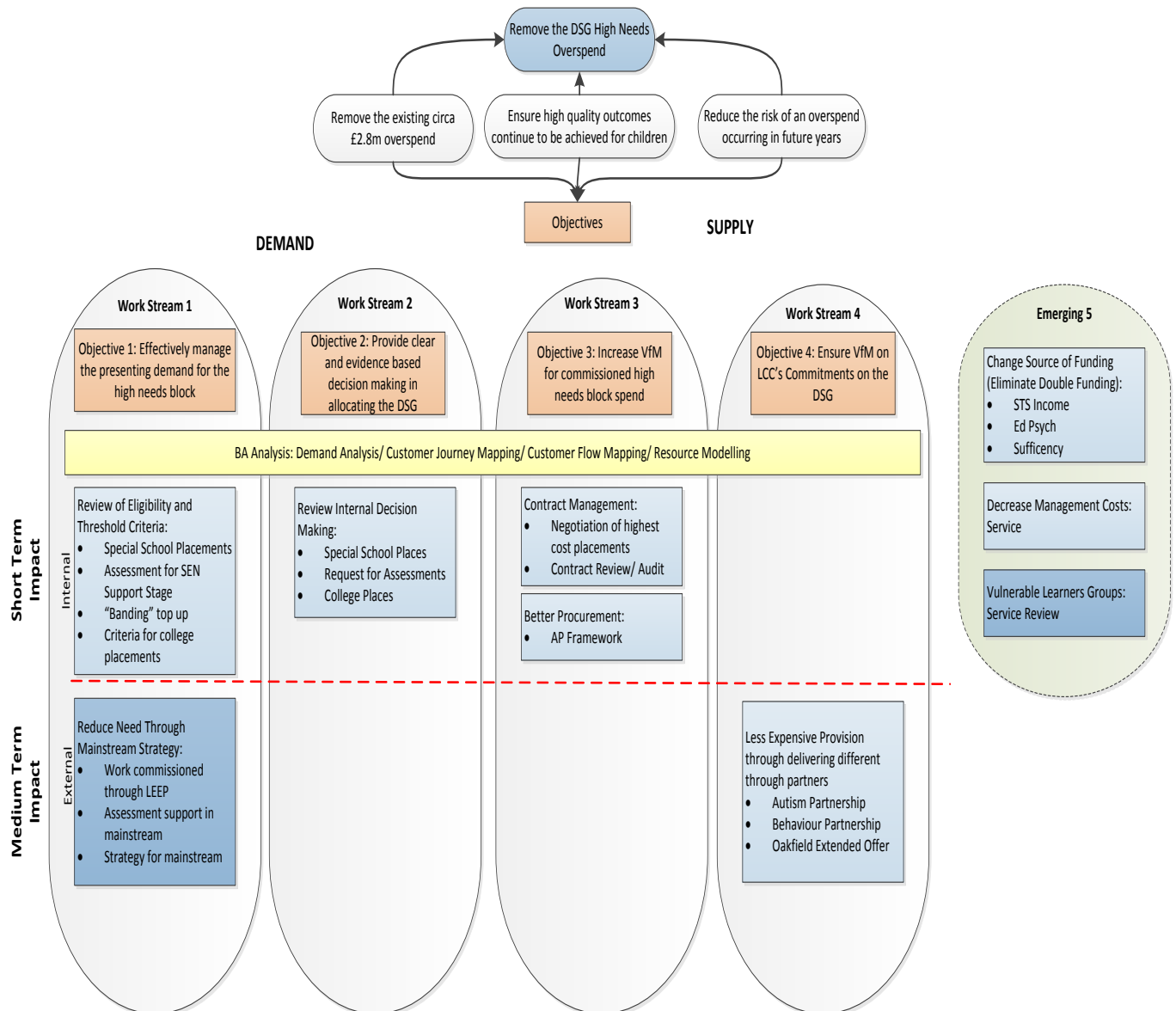
As with any benchmarking data it isn't possible to determine how much of the change in authorities is the result on changes in strategy and provision and that which relates to demand and cost variations.

11. It is therefore evident that in order to reduce expenditure in line with the grant allocation requires a whole system approach rather than a widespread assumption that the overspend is a result of insufficient local capacity for SEN placements.

The Transformational Approach

12. An approach has been developed that will seek to address the system issues in a systematic manner which will be supported within the County Council's transformation programme in order to deliver a financial sustainable model for services both now and in the future.
13. The programme is being developed with multiple work streams that will address both demand and supply across high needs services, namely;
 - Effectively manage the costs for the demand placed on the high needs block
 - Provide clear and evidence based decision making pathways and processes in allocating high needs funding
 - Evidence value for money from the commissioned high needs block spend
 - Ensure that the changes support the delivery of a balanced budget and align to national high needs funding reform
 - Be a responsive and dynamic programme that reviews and identifies activity and products that may need to be included as priorities emerge
14. The programme will be aligned to both the County Council's and Children and Family Services department strategic plans and will initially focus attention and resources on elements which are likely to give the greatest return on investment in the short term.
15. The outline delivery approach is set out in the following diagram;

DSG High Needs Block Overspend Programme



16. The four work streams summary approach details are:

- **Managing Demand:** Focusing on threshold criteria and a banding system internally as well as engaging the LEEP in a longer term strategy to increase capacity to meet needs within the mainstream sector.
- **Review of Decision Making:** Provide a clear and robust decision making pathway and protocol.
- **Increasing Value for Money in our Commissioned Spend:** Focusing on having a structured and evidence based discussion with our all providers across all sectors (including all age ranges) to look for better ways to procure placements and drive down costs. Introduce systems of accountability for additional funding based on outcomes.

- Partnership Working: Empower the whole schools system leadership by creating specific partnerships which will encourage innovative local solutions within a reduced financial envelope.
17. It should be noted that given the severity and risk of the current position work has already been initiated and in some cases concluded. In summary this includes the following:

Work stream		
1.	Managing Demand	Revised Threshold Criteria Delivered
		New Banding and Top Up System Implemented for all mainstream settings
		Strategy for a more effective approach for mainstream early years, school and FE sector to better identify and meet needs, thereby improving progress.
		New contracts/commissioning arrangements for the following specialist support services: <ul style="list-style-type: none"> 1) Autism outreach 2) Hearing Impairment 3) Visual Impairment 4) Special School Outreach 5) Learning Support service 6) ICT Assessment service 7) Physical difficulties Support
2.	Review of Decision-Making	New Decision Making Process and Protocol Implemented across all decision making points.
3.	Ensuring Value for Money through our Commissioned Spend	Negotiation plan on High Cost Placements and providers
		SEND Placements commissioning support plan (Includes re-design options to deliver the business intelligence function in the context of re modelled service(s))
		Feasibility Report of de-commissioning residential placements and follow up actions as appropriate
4.	Partnership Working	Behaviour Partnerships contract to include specific SEND element and devolution/devolved funding/ decision making as an alternative provider to the independent sector

		Autism Partnership contract to be agreed which includes devolution/devolved funding/ decision making as an alternative provider to the independent sector
		Integrated 0 to 5 early help offer

Work has been initiated to ensure that these workstream can progress as swiftly as possible. In addition there has been some activity that has concluded which is already generating some reduction in cost pressures activity;-

- Renegotiation with special schools and units a reduction in the purchase cost of additional places and the value of top up funding.
- Charging for some activity from the Autism Outreach Service and Autism Outreach Intensive support.
- Extended offer from Maplewell Hall Autism provision as an alternative to to a high cost independent/non maintained special school placements
- Extended offer from Oakfield to enable a more developed graduated response that enables sustainable mainstream placements as an alternative to a high cost independent/non maintained special school placements

There are also pilot cases with behaviour partnerships to meet children's needs without recourse to a placement in an independent special school.

18. The programme will be co-ordinated and governed by a programme board consisting of senior officers within the Children and Family Services Department. Each work stream will be delivered by an accountable office with all workstreams reporting to a Senior Responsible Office for the whole programme

Specialist Teaching Services

19. As set out in the previous Schools Forum reports there is an intended roll out for charging of the Specialist Teaching Services.
20. The proposed role out of charging for Specialist Teaching Services and devolving Specialist Teaching Service activity when specified on an Education Health and Care plan/statement of SEN/ SEND support plan is as follows;
 - April 2016; charging for some Autism Outreach and Outreach and Autism Outreach Intensive Support activity.
 - September 2016; charging for some Hearing Support and Vision Support service activity
 - September 2016: provide schools with notional figures for Specialist Teaching Service input as part of element 3 top up funding
 - April 2017; user group established to monitor and evaluate the impact of changes
 - April 2018; Specialist teaching Service in SEND support plan / EHC plan devolved to schools

21. The detail of these proposals are within a separate report on the agenda.

Resource Implications

22. This report considers financial implication throughout. The financial position is critical, at current demand and cost there simply is insufficient DSG to meet expected costs.
23. The programme needs to deliver system change to ensure that demand and cost is sustainable. There is not expected to be any future possibility of movement between funding blocks, this does give a financial incentive to push for specialist provision resulting in further cost increases for the local authority. There is no additional County Council funding that could be used to support services, neither does the DSG reserve provide sustainable funding. Moderating costs for the future must be met from the services funded from high needs. It is therefore imperative that there is collaboration from schools and providers to deliver solutions through collaboration and from within own resources.

Equal Opportunity Issues

24. Equal opportunities issues will be considered within each work stream and for the overall programme

Background Papers

Report to Schools Forum 21 February 2016 – 2016/17 Schools Budget
<http://cexmodgov1/ieListDocuments.aspx?CId=1018&MId=4457&Ver=4>

Report to Schools Forum 14 January 2016 – School Funding 2016/17
<http://cexmodgov1/ieListDocuments.aspx?CId=1018&MId=4562&Ver=4>

Report to Schools Forum 21 September 2015 – SEN Overspend
<http://cexmodgov1/ieListDocuments.aspx?CId=1018&MId=4358&Ver=4>

Officers to Contact

Jenny Lawrence, Finance Business Partner, Children and Family Services
Email; jenny.lawrence@leics.gov.uk
Tel; 01163056401